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HD **Senator on a mission to make finance industry prioritize climate objectives**
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Rosa Galvez is a senator on a mission to get the finance industry to live up to its proclamations of aligning its business with climate objectives.

Ms. Galvez, an environmental engineer who has been in Canada's upper chamber since 2016, introduced a private member's bill last year aimed at mandating federally regulated institutions, such as banks and pension funds, as well as government agencies, to reduce economic risk by prioritizing climate-related objectives.

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The bill has stalled at second reading and has yet to get to be studied at committee. Last week, Ms. Galvez's efforts attracted support from members of Parliament from the Liberals, NDP, Bloc Québécois and Greens to push it forward. At the very least, her Climate-Aligned Finance Act is sparking much-needed discussion as Canadians suffer through another year of extreme weather, she said. Alberta's destructive spring wildfires are just the latest example.

For one thing, voluntary measures championed by the financial industry aren't putting the country on pace to meet its carbon-reduction commitments, and risks remain with funding the fossil fuel industry, Ms. Galvez said in an interview.

"The financial sector is scared.

They are saying it: This is climaterelated risk, due to transition, regulations, stranded assets and even reputations," she said. "But on the other hand, they are investing, so somebody has to tell them: 'What you're doing is not coherent.' " Canada's big banks have remained in chorus about their approach – that oil and gas companies are valued clients and lenders will use their financial might to help them decarbonize. So far, there is little evidence this is making a big dent in fossil fuel emissions, and it is where relying on voluntary action falls short, she said. Meanwhile, a growing number of investors are pushing for more climate action in shareholder proposals.

Ms. Galvez's proposed legislation, known formally as S-243, seeks to accelerate progress on reaching Canada's commitments under the Paris Agreement while ensuring the financial system can withstand coming changes in energy systems, regulation and weather patterns.

It has a number of objectives, including establishing a duty for directors and officers to align their organizations' business plans with climate objectives; obligating companies to devise emission-reduction targets, action plans and progress reports; and ensuring that corporate boards include climate experts and directors avoid conflicts of interest.

It would also force the Office of the Superintendent of Financial Institutions, the industry's regulator, to make capital requirements among banks proportional to the climate risks that exist in their businesses and in the broader economy.

In new guidelines set in March, OSFI said big banks and insurance companies should consider such risks in their overall business strategies. But the watchdog stopped short of prescribing increases in capital buffers to deal with a wide range of physical and policy risks. Nor did it assign higher risk factors and capital requirements to fossil-fuel lending and investments, which environmental activists had pushed for.

From Ms. Galvez's perspective, industry's focus has been on voluntary moves to increase disclosure of risks rather than being held to ambitious targets to slash emissions.

Her bill aims to achieve those cuts. She equated the situation to trying to fix a sinking boat by just counting the holes in the hull.

"Actually, while it is voluntary, it is penalizing the responsible corporations and entities that are declaring their risks, because that shows vulnerability," she said.

In the House of Commons, Liberal MP Ryan Turnbull has tabled a motion that calls on the government to "use all legislative and regulatory tools at its disposal" to align financial decisions with the Paris Agreement commitment of getting to net-zero emissions by 2050. Ottawa's Sustainable Finance Action Council has said the country will need to spend \$115billion a year more than it does today on clean technology to hit that goal.

At a news conference last week, he, along with MPs from all other parties except the Conservatives, voiced support for aspects of Ms. Galvez's bill.

Now, she wants the bill to go to committee for study, so it can have a future beyond the Senate floor. "Of course, there's the politics there in the banking committee, so we'll see what happens.

But the MPs have said loud and clear: 'We're waiting for the bill to arrive in the [House of Commons],' and they have more power than me with the carrots and the sticks."

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